

April 14, 2010

**ITEM NO. B5**

**AUTHORIZATION TO 1) ENTER INTO A CONTRACT WITH EAST LAKE/WEST END, LLC, FOR ENVIRONMENTAL REMEDIATION ACTIVITIES AT THE WEST END PHASE 2 RENTAL REDEVELOPMENT SITE AND 2) EXECUTE OTHER DOCUMENTS AS NECESSARY TO IMPLEMENT THE FOREGOING**

To the Honorable Board of Commissioners:

**RECOMMENDATION**

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to enter into a contract ("Remediation Agreement") for environmental remediation activities with East Lake/West End, LLC (the "Developer") for a total contract amount not to exceed \$2,600,745 which represents 200% of the estimated remediation cost for the West End Phase 2 Rental Redevelopment Site. The term of the remediation contract shall commence at closing and expire the earlier of (i) receipt of a "No Further Remediation" letter from the Illinois Environmental Protection Agency ("IEPA") or (ii) two years, subject to a one year extension at CHA's election.

**FUNDING**

General and/or Other Funds

**Vendor:** East Lake/West End, LLC

**Contract Type:** Environmental Remediation

**Contract Amount:** \$2,600,745 (Represents 200% of the estimated remediation cost for the West End Phase 2 Rental Redevelopment site)

**Contract Period:** From closing throughout receipt of "No Further Remediation" letter, or two years subject to a one year extension at CHA's election

**Date Advertised:** N/A

**Initial Date Proposal Opened:** N/A

**Pre-Bid/Proposal Conference:** N/A

**M/W/DBE Participation:**

Direct: 93% MBE \_\_\_\_\_% WBE 7% DBE  
Indirect:   % MBE \_\_\_\_\_% WBE \_\_\_\_\_% DBE  
Waiver \_\_\_\_\_(Yes/No)

**Section 3:**

  1   (#) Hiring (\$) \_\_\_\_\_ Subcontracting \_\_\_\_\_ (\$) Other Economic Opportunities

## **PROCUREMENT HISTORY**

East Lake/West End, LLC was selected as the developer for the HOPE VI Revitalization Program at Rockwell Gardens as a result of an October, 2001 Request for Proposals (RFP) issued by the Chicago Housing Authority and the court-appointed Gautreaux Receiver, Daniel E. Levin and The Habitat Company, LLC (“Habitat”).

## **EXPLANATION**

The West End Phase 2 Rental project consists of new construction mixed income rental units and community and management space provided in a midrise. The development will be built on CHA-owned land within the boundaries of West Adams Street (n), West Van Buren Street (s), Campbell Street (e) and South Maplewood Avenue (w). It is comprised of a variety of low-rise building types including 2-flats, 3-flats, 4-unit, 6-unit and 10-units buildings. The project will provide 112 total units of which 98 are affordable tax credit units (including the 65 public housing units) and 14 market rate units.

In April 2007, the CHA Board approved entering into an Amended and Restated Contract for Redevelopment for Rockwell Gardens with East Lake Management & Development Corp., as Sponsor, and East Lake/West End, LLC, as Developer. Pursuant to that agreement, CHA is required to fund the cost of site remediation for pre-existing conditions on the entire rental development site (other than costs the Developer would have incurred in any event), subject to certain rights to terminate for infeasibility. CHA’s contractual responsibility for remediation of foreseen and unforeseen environmental conditions is capped at 200%. The estimated remediation cost for the West End Phase 2A Rental Redevelopment site is \$1,300,372. CHA’s remediation responsibility is capped at \$2,600,745. Additionally, the contractor has made a commitment to hire one (1) Section 3 individual.

Based on the foregoing, it is in the best interest of the CHA to enter into a contract with the East Lake/West End, LLC, for environmental remediation activities to be performed on CHA-owned land at the West End Phase 2 Rental Development, in an amount not to exceed \$2,600,744.

## **RESOLUTION NO. 2010-CHA-46**

**WHEREAS,** the Board of Commissioners has reviewed the Board Letter dated April 14, 2010, requesting authorization to enter into a contract, the Remediation Agreement, for environmental remediation activities with East Lake/West End, LLC, the Developer, for a total contract amount not to exceed \$2,600,745 which represents 200% of the estimated remediation cost for the West End Phase 2 Rental Redevelopment Site. The term of the remediation contract shall commence at closing and expire the earlier of (i) receipt of a “No Further Remediation” letter from the Illinois Environmental Protection Agency or (ii) two years, subject to a one year extension at CHA’s election.

### **THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT,** the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a contract, the Remediation Agreement, for environmental remediation activities with East Lake/West End, LLC , the Developer, for a total contract amount not to exceed \$2,600,745 which represents 200% of the estimated remediation cost for the West End Phase 2 Rental Redevelopment Site. The term of the remediation contract shall commence at closing and expire the earlier of (i) receipt of a “No Further Remediation” letter from the Illinois Environmental Protection Agency or (ii) two years, subject to a one year extension at CHA’s election.

